

Message Text

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PAGE 01 MANILA 10906 150759Z

ACTION COME-00

INFO OCT-01 EA-07 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 SP-02 OMB-01 TRSE-00 ITC-01

STR-04 /038 W

-----064215 150816Z /15

R 150706Z JUL 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2392

INFO AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

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E.O. 11652: NA

TAGS: BENC, RP

SUBJECT: MAJOR PROJECTS: PHILIPPINE PETROCHEMICAL COMPLEX

REF: A) STATE 58795 (NOTAL), B) MANILA 4009 (NOTAL)

1. SUMMARY. A DECISION TO GO AHEAD WITH THE PHILIPPINE PETROCHEMICAL PROJECT HAS BEEN DELAYED UNTIL AT LEAST SEPTEMBER, AND THE PROJECT HAS BEEN SCALED DOWN. IT APPEARS THAT UBE OF JAPAN AND USI OF TAIWAN WILL BE THE ONLY FOREIGN FIRMS PARTICIPATING IN THE THREE REMAINING DOWN-STREAM PLANTS. AS PRESENTLY CONCEIVED, THE PROJECT WILL ONLY SERVE THE DOMESTIC MARKET, WHICH MAY BE PROTECTED BY TARIFFS IF THE PROMOTERS HAVE THEIR WAY. END SUMMARY.

2. THE DECISION ON WHETHER TO GO AHEAD WITH THE PETRO-CHEMICAL PROJECT HAS BEEN DELAYED "A FEW MONTHS" DUE TO SOME "MINOR DESIGN RESTRUCTURING" ACCORDING TO JOSE JOVELLANOS OF PHILIPPINE NATIONAL OIL COMPANY. REFTEL B REPORTED THAT A DECISION WAS DUE MID-YEAR. THE PNOC IS STILL FINISHING UP ITS FEASIBILITY REPORT.

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PAGE 02 MANILA 10906 150759Z

3. JOVELLANOS SAID THAT NO FIRM DECISION WILL BE MADE ON WHO THE OVERALL PROJECT MANAGEMENT CONTRACTOR WILL BE, OR WHO WILL PARTICIPATE IN THE DOWN-STREAM PORTIONS UNTIL THE FORMAL DECISION TO GO AHEAD WITH THE PROJECT IS ANNOUNCED BY THE GOP.

4. FURTHER SPECIFIC DETAILS ON THE PROJECT WERE PROVIDED BY A KNOWLEDGEABLE SOURCE IN THE ASIAN PETROCHEMICAL DEVELOPMENT CORPORATION (APDC). THE LEFIN PLANT HAS BEEN SCALED DOWN FROM 225,000 MT/YR OF ETHELENE TO 175,000 TONS/YR. THE HOOKER CHEMICAL CAUSTIC/VCM/PVC PLANT HAS BEEN POSPONED TO THE SECOND PASHE OF THE PROJECT (1982-87) BECAUSE IT IS UNECONOMICAL AT THIS SCALE. LETTERS OF COMMITMENT HAVE BEEN SIGNED WITH UBE OF JAPAN FOR THE HIGH AND LOW DENSITY POLYETHELENE PLANTS USING DART INDUSTRIES (USA) TECHNOLOGY, AND WITH USE OF TAIWAN FOR THE POLYPROPYLENE PLANT USING NATIONAL DISTILLERIES (USA) TECHNOLOGY. THE APDC/PNOC-PREPARED FINAL FAULTILITY PACKAGE SHOULD GO TO BOI/NEDA FOR REVIEW BY EARLY AUGUST AND A DECISION TO PROCEED WITH THE PROJECT IS EXPECTED IN SEPTEMBER. IT IS EXPECTED THAT A CONSORTIUM OF INTERNATIONAL BANKS WILL FINANCE THE PROJECT, NOW ESTIMATED TO COST ABOUT \$500 MILLION DOLARS. REPORTEDLY, INITIAL FINANCING PROPOSALS ARE PRESENTLY BEING EVALUATED BY PNOC.

5. WHEN ASKED IF THE RECENT ANNOUNCEMENT THAT SUMITOMO PLANNED TO GO AHEAD WITH THE SINGAPORE PETROCHEMICAL PLANT MIGHT AFFECT THE GOP'S GO/NO GO DECISION, PNOC'S JOVELLANOS REITERATED THAT THIS IS A "NATTIONAL PROJECT TO CATER TO DOMESTIC DEMAND." HE ALSO CONFIRMED RECENT PRESS REPORTS THAT THE PNOC IS INVESTIGATING WITH NEDA LIMITED OFFICIAL USE

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PAGE 03 MANILA 10906 150759Z

THE POSSIBILITY OF ENACTING TARIFF BARRIERS TO PROTECT THIS PROJECT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
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Original Classification: LIMITED OFFICIAL USE
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Retention: 0
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Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
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SAS ID: 1850285
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECTS: PHILIPPINE PETROCHEMICAL COMPLEX
TAGS: BENC, RP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/504cc06a-c288-dd11-92da-001cc4696bcc
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